

Charter Trustees for the City of Durham

08 December 2021

2022/23 Budget



City of Durham

Report of Jeff Garfoot, Treasurer

Purpose of the Report

- 1 The purpose of this report is to provide information to enable Charter Trustees to determine the:
 - (a) appropriate budget requirement for the Charter Trust for 2022/23;
 - (b) basic level of council tax required for 2022/23;
 - (c) consider the council tax levels for the period up to 2026/27.

Background

- 2 A council tax requirement of £49,330 was agreed for 2021/22 which, after applying the Local Council Tax Support Scheme Grant and a transfer from reserves, allowed for an expenditure budget of £71,201. The Band D Council Tax levied on the residents of the former City of Durham was £1.90 in 2021/22, which was the same levy raised in 2014/15, 2015/16, 2016/17, 2017/18, 2018/19, 2019/20 and 2020/21.
- 3 At the meeting held on 6 December 2017, Charter Trustees agreed to the utilisation of reserves to maintain the Band D equivalent Council Tax at £1.90 in each financial year from 2019/20 to 2021/22.
- 4 The County Council have requested that Town and Parish Council's advise them of their 2022/23 precept by 21 January 2022. The next meeting of the Charter Trustees is not until 26 January 2022. The County Council have indicated however that under the circumstances a deadline of 26 January 2022 for the Charter Trustees can be agreed.

Budget Assumptions

- 5 The following budget assumptions have been made and applied to the proposed budget:
- (a) annual inflation of 2.5% in 2022/23, 2% in 2023/24 and 1.5% thereafter;
 - (b) annual pay award of 3.0% in 2022/23, 2.5% in 2023/24 and 2% thereafter;
 - (c) an increase in the Local Council Tax Support Scheme Grant of 1.16%; from £6,709 to £6,787;
 - (d) an increase in the council tax base of 1.75%; from 25,963.2 to 26,417.8.

Budget 2022/23

- 6 In order to set a robust and accurate budget Trustees ought to take into account the:
- (a) forecast outturn position for the current year. As a result of the ongoing Covid-19 pandemic the forecast for total expenditure is £13,521 under the agreed budget. This will result in a reduced contribution from reserves of £1,641 rather than the budgeted utilisation of reserves of £15,162. The forecast balance of reserves is estimated to be £73,473 as at 31 March 2022. The projected outturn for the current financial year is shown in detail in Appendix 2. As a result, less reliance has been placed on the forecast outturn position in budget setting than in previous years;
 - (b) anticipated price increases;
 - (c) future level of service provision required. The proposed budget for 2022/23 assumes business as usual and no adjustment has been made in respect of the ongoing pandemic due to the level of uncertainty.
- 7 Durham County Council has advised that the council tax base for 2022/23 will increase by 454.6 (from 25,963.2 for 2021/22 to 26,417.8 for 2022/23). Consequently, the council tax receivable will increase by £863.74 (from £49,330.08 to £50,193.82) at the current Band D Council Tax rate of £1.90.

- 8 The Local Council Tax Support Scheme Grant payable to the Charter Trust for 2022/23 has increased by £78 (from £6,709 to £6,787).

Budget Options

- 9 Appendix 2 details the original approved budget for 2021/22 and the estimated budget for 2022/23. It has been calculated in the main by applying the budget assumptions, as set out in paragraph 4. The forecast of outturn for 2021/22 is shown for comparison and information purposes.
- 10 A range of budget options are presented in the report to help the Charter Trustees consider the projected budget and reserve balance for the period 2022/23 to 2026/27 in order to agree the level of council tax precept.
- 11 Each of the options apply varying levels of reserves and therefore impact differently on the precept calculated across the five year period (2022/23 to 2026/27).
- 12 The five options being proposed are as follows:
- a) **Option 1** - application of no reserves in any of the five years;
 - b) **Option 2** - utilisation of reserves to maintain a Band D Council Tax at £2.10 in each of the five years;
 - c) **Option 3** - utilisation of reserves to maintain a Band D Council Tax at £1.90 in each of the five years;
 - d) **Option 4** - utilising £10,000 of reserves in each of the five years;
 - e) **Option 5** – increasing the Band D Council Tax by 10p in each of the five years.
- 13 These detailed budget options are included in Appendices 3 to 7 of this report. The appendices illustrate the effect of utilising different levels of reserves on the council tax requirement over the five year period 2022/23 to 2026/27.

- 14 The following table illustrates the precept calculated in each of the five options for 2022/23 to 2026/27.

Option		Precept					
		2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £
1	No utilisation of Reserve	1.90	2.50	2.55	2.59	2.63	2.68
2	Council Tax at £2.10 from 2022/23 onwards	1.90	2.10	2.10	2.10	2.10	2.10
3	Council Tax at £1.90 from 2022/23 onwards	1.90	1.90	1.90	1.90	1.90	1.90
4	Utilisation of £10,000 of Reserves over 5 years	1.90	2.12	2.17	2.21	2.26	2.30
5	Increase Council Tax by 10p each year	1.90	2.00	2.10	2.20	2.30	2.40

- 15 The table below demonstrates the impact on the reserve balance at the end of the year for each of the options.

Option		Forecast Reserve Balance at end of year					
		2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £
1	No utilisation of Reserve	73,473	73,473	73,473	73,473	73,473	73,473
2	Council Tax at £2.10 from 2022/23 onwards	73,473	62,973	51,073	38,073	23,973	8,733
3	Council Tax at £1.90 from 2022/23 onwards	73,473	57,693	40,523	22,253	2,853	-17,677
4	Utilisation of £10,000 of Reserves over 5 years	73,473	63,473	53,473	43,473	33,473	23,473
5	Increase Council Tax by 10p each year from 2023/24	73,473	57,693	43,143	30,143	18,693	8,743

- 16 The Charter Trustees should note that it is possible that the Charter Trust's financial position could change. For example, the full budget may not be expended thus increasing reserves, the Charter Trustees may decide to increase or decrease budgets, or the Council Tax Support Grant may vary. It is important therefore that budgets are kept under constant review.

Recommendations

- 17 It is recommended that the City of Durham Charter Trustees:
- (a) note the forecast of outturn position for 2021/22;
 - (b) consider the options for council tax setting and determine if a strategy can be agreed at this meeting for 2022/23 council tax or if a further report is required for the Charter Trustees meeting on 26 January 2022:

Contact: Ian Herberson, Tel. 03000 261861

Appendix 1: Implications

Legal Implications

None.

Finance

The report provides information to enable Charter Trustees to consider the level of council tax and revenue budget requirement for 2022/23 to 2026/27.

Consultation

None.

Equality and Diversity / Public Sector Equality Duty

None.

Climate Change

None.

Human Rights

None.

Crime and Disorder

None.

Staffing

None.

Accommodation

None.

Risk

None.

Procurement

None.

Appendix 2: Charter Trustees for the City of Durham Proposed Budget 2022/23

Budget	Forecast of Outturn		Proposed Budget	Inflation
2021/22	2021/22		2022/23	
£	£		£	%
		Employees		
3,500	3,500	Mayor's Allowance	3,500	
1,500	1,500	Deputy Mayor's Allowance	1,500	
		Premises		
3,734	3,734	Town Hall	3,827	2.50%
		Transport		
6,729	2,500	Civic Car	6,897	2.50%
1,242	500	Bus Hire	1,273	2.50%
2,893	2,750	Sergeants at Mace/ Bodyguard	2,750	
		Supplies & Services		
17,670	10,000	Mayor's hospitality	18,112	2.50%
514	514	General office expenses	527	2.50%
862	862	Insurance	884	2.50%
347	347	External Audit	356	2.50%
		Support Services		
18,763	18,000	Administration	19,326	3.00%
13,477	13,503	Finance, Clerk, legal, HR, IT	13,841	2.50%
		Income		
-30	-30	Bank interest	-30	
0	0	Mayor's Civic Dinner	0	
71,201	57,680	Total Expenditure	72,763	
-15,162	-1,641	Transfer to/from Reserves		
-6,709	-6,709	Council Tax Support Grant	-6,787	
49,330	49,330	Council Tax Requirement	65,976	
25,963.20	25,963.20	Tax base		
1.90	1.90	Band D Council Tax		
49,330.08	49,330.08	Council Tax Receivable		

Appendix 3: Proposed Budget – Option 1

	Proposed Budget				
	2022/23	2023/24	2024/25	2025/26	2026/27
Basis of Budget preparation	No reserves applied				
	£	£	£	£	£
Employees					
Mayor's Allowance	3,500	3,500	3,500	3,500	3,500
Deputy Mayor's Allowance	1,500	1,500	1,500	1,500	1,500
Premises					
Town Hall	3,827	3,904	3,962	4,022	4,082
Transport					
Civic Car	6,897	7,035	7,140	7,248	7,356
Bus Hire	1,273	1,298	1,318	1,338	1,358
Sergeants at Mace/ Body Guard	2,750	2,750	2,750	2,750	2,750
Supplies & Services					
Mayor's hospitality	18,112	18,474	18,751	19,033	19,318
General office expenses	527	538	546	554	562
Insurance	884	902	915	929	943
External Audit	356	363	369	374	380
Support Services					
Administration	19,326	19,809	20,205	20,609	21,022
Finance/ Legal/ ICT/ HR	13,841	14,118	14,330	14,545	14,763
Income - bank interest	-30	-30	-31	-31	-32
Total Expenditure	72,763	74,160	75,255	76,369	77,501
Transfer from Reserves	0	0	0	0	0
Council Tax Support Grant	-6,787	-6,787	-6,787	-6,787	-6,787
Council Tax Requirement	65,976	67,373	68,468	69,582	70,714
Forecast Reserves	73,473	73,473	73,473	73,473	73,473
Band D Council Tax	2.50	2.55	2.59	2.63	2.68
Council Tax Base	26,417.80	26,417.80	26,417.80	26,417.80	26,417.80

Appendix 4: Proposed Budget – Option 2

	Proposed Budget				
	2022/23	2023/24	2024/25	2025/26	2026/27
Basis of Budget preparation	Maintain Band D Council Tax at £2.10 in each year				
	£	£	£	£	£
Employees					
Mayor's Allowance	3,500	3,500	3,500	3,500	3,500
Deputy Mayor's Allowance	1,500	1,500	1,500	1,500	1,500
Premises					
Town Hall	3,827	3,904	3,962	4,022	4,082
Transport					
Civic Car	6,897	7,035	7,140	7,248	7,356
Bus Hire	1,273	1,298	1,318	1,338	1,358
Sergeants at Mace/ Body Guard	2,750	2,750	2,750	2,750	2,750
Supplies & Services					
Mayor's hospitality	18,112	18,474	18,751	19,033	19,318
General office expenses	527	538	546	554	562
Insurance	884	902	915	929	943
External Audit	356	363	369	374	380
Support Services					
Administration	19,326	19,809	20,205	20,609	21,022
Finance/ Legal/ ICT/ HR	13,841	14,118	14,330	14,545	14,763
Income - bank interest	-30	-30	-31	-31	-32
Total Expenditure	72,763	74,160	75,255	76,369	77,501
Transfer from Reserves	-10,500	-11,900	-13,000	-14,100	-15,240
Council Tax Support Grant	-6,787	-6,787	-6,787	-6,787	-6,787
Council Tax Requirement	55,476	55,473	55,468	55,482	55,474
Forecast Reserves	62,973	51,073	38,073	23,973	8,733
Band D Council Tax	2.10	2.10	2.10	2.10	2.10
Council Tax Base	26,417.80	26,417.80	26,417.80	26,417.80	26,417.80

Appendix 5: Proposed Budget – Option 3

	Proposed Budget				
	2022/23	2023/24	2024/25	2025/26	2026/27
Basis of Budget preparation	Maintain Band D Council Tax at £1.90 in each year				
	£	£	£	£	£
Employees					
Mayor's Allowance	3,500	3,500	3,500	3,500	3,500
Deputy Mayor's Allowance	1,500	1,500	1,500	1,500	1,500
Premises					
Town Hall	3,827	3,904	3,962	4,022	4,082
Transport					
Civic Car	6,897	7,035	7,140	7,248	7,356
Bus Hire	1,273	1,298	1,318	1,338	1,358
Sergeants at Mace/ Body Guard	2,750	2,750	2,750	2,750	2,750
Supplies & Services					
Mayor's hospitality	18,112	18,474	18,751	19,033	19,318
General office expenses	527	538	546	554	562
Insurance	884	902	915	929	943
External Audit	356	363	369	374	380
Support Services					
Administration	19,326	19,809	20,205	20,609	21,022
Finance/ Legal/ ICT/ HR	13,841	14,118	14,330	14,545	14,763
Income - bank interest	-30	-30	-31	-31	-32
Total Expenditure	72,763	74,160	75,255	76,369	77,501
Transfer from Reserves	-15,780	-17,170	-18,270	-19,400	-20,530
Council Tax Support Grant	-6,787	-6,787	-6,787	-6,787	-6,787
Council Tax Requirement	50,196	50,203	50,198	50,182	50,184
Forecast Reserves	57,693	40,523	22,253	2,853	-17,677
Band D Council Tax	1.90	1.90	1.90	1.90	1.90
Council Tax Base	26,417.80	26,417.80	26,417.80	26,417.80	26,417.80

Appendix 6: Proposed Budget – Option 4

	Proposed Budget				
	2022/23	2023/24	2024/25	2025/26	2026/27
Basis of Budget preparation	£10,000 reserves applied in each year				
	£	£	£	£	£
Employees					
Mayor's Allowance	3,500	3,500	3,500	3,500	3,500
Deputy Mayor's Allowance	1,500	1,500	1,500	1,500	1,500
Premises					
Town Hall	3,827	3,904	3,962	4,022	4,082
Transport					
Civic Car	6,897	7,035	7,140	7,248	7,356
Bus Hire	1,273	1,298	1,318	1,338	1,358
Sergeants at Mace/ Body Guard	2,750	2,750	2,750	2,750	2,750
Supplies & Services					
Mayor's hospitality	18,112	18,474	18,751	19,033	19,318
General office expenses	527	538	546	554	562
Insurance	884	902	915	929	943
External Audit	356	363	369	374	380
Support Services					
Administration	19,326	19,809	20,205	20,609	21,022
Finance/ Legal/ ICT/ HR	13,841	14,118	14,330	14,545	14,763
Income - bank interest	-30	-30	-31	-31	-32
Total Expenditure	72,763	74,160	75,255	76,369	77,501
Transfer from Reserves	-10,000	-10,000	-10,000	-10,000	-10,000
Council Tax Support Grant	-6,787	-6,787	-6,787	-6,787	-6,787
Council Tax Requirement	55,976	57,373	58,468	59,582	60,714
Forecast Reserves	63,473	53,473	43,473	33,473	23,473
Band D Council Tax	2.12	2.17	2.21	2.26	2.30
Council Tax Base	26,417.80	26,417.80	26,417.80	26,417.80	26,417.80

Appendix 7: Proposed Budget – Option 4

	Proposed Budget				
	2022/23	2023/24	2024/25	2025/26	2026/27
Basis of Budget preparation	Increase the Band D Council Tax by 10p each year				
	£	£	£	£	£
Employees					
Mayor's Allowance	3,500	3,500	3,500	3,500	3,500
Deputy Mayor's Allowance	1,500	1,500	1,500	1,500	1,500
Premises					
Town Hall	3,827	3,904	3,962	4,022	4,082
Transport					
Civic Car	6,897	7,035	7,140	7,248	7,356
Bus Hire	1,273	1,298	1,318	1,338	1,358
Sergeants at Mace/ Body Guard	2,750	2,750	2,750	2,750	2,750
Supplies & Services					
Mayor's hospitality	18,112	18,474	18,751	19,033	19,318
General office expenses	527	538	546	554	562
Insurance	884	902	915	929	943
External Audit	356	363	369	374	380
Support Services					
Administration	19,326	19,809	20,205	20,609	21,022
Finance/ Legal/ ICT/ HR	13,841	14,118	14,330	14,545	14,763
Income - bank interest	-30	-30	-31	-31	-32
Total Expenditure	72,763	74,160	75,255	76,369	77,501
Transfer from Reserves	-15,780	-14,550	-13,000	-11,450	-9,950
Council Tax Support Grant	-6,787	-6,787	-6,787	-6,787	-6,787
Council Tax Requirement	50,196	52,823	55,468	58,132	60,764
Forecast Reserves	57,693	43,143	30,143	18,693	8,743
Band D Council Tax	1.90	2.00	2.10	2.20	2.30
Council Tax Base	26,417.80	26,417.80	26,417.80	26,417.80	26,417.80